

# House File 360 - Introduced

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON ECONOMIC  
GROWTH

(SUCCESSOR TO HSB 146)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to historic preservation and cultural and  
2 entertainment district tax credits, making appropriations, and  
3 providing applicability date provisions.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

5 TLSB 1209HV 82

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PAG LIN

1 1 Section 1. Section 404A.1, subsection 1, Code 2007, is  
1 2 amended to read as follows:

1 3 1. A historic preservation and cultural and entertainment  
1 4 district tax credit, subject to the availability of the  
1 5 credit, is granted against the tax imposed under chapter 422,  
1 6 division II, III, or V, or chapter 432, for the rehabilitation  
1 7 of eligible property located in this state as provided in this  
1 8 chapter. Tax credits in excess of tax liabilities shall be  
1 9 refunded or credited as provided in section 404A.4, subsection  
1 10 3.

1 11 Sec. 2. Section 404A.4, subsection 3, Code 2007, is  
1 12 amended to read as follows:

1 13 3. A person receiving a historic preservation and cultural  
1 14 and entertainment district tax credit under this chapter which  
1 15 is in excess of the person's tax liability for the tax year is  
1 16 entitled to a refund of the ~~excess at a discounted value. The~~  
~~discounted value of the tax credit refund, as calculated by~~  
~~the department of economic development, in consultation with~~  
~~the department of revenue, shall be determined based on the~~  
~~discounted value of the tax credit five years after the tax~~  
~~year of the project completion at an interest rate equivalent~~  
~~to the prime rate plus two percent. The refunded tax credit~~  
~~shall not exceed seventy-five percent of the allowable tax~~  
~~credit. Any credit in excess of the tax liability shall be~~  
~~refunded with interest computed under section 422.25. In lieu~~  
~~of claiming a refund, a taxpayer may elect to have the~~  
~~overpayment shown on the taxpayer's final, completed return~~  
~~credited to the tax liability for the following year.~~

1 29 Sec. 3. Section 404A.4, subsection 4, Code 2007, is  
1 30 amended to read as follows:

1 31 4. The total amount of tax credits that may be approved  
1 32 for a fiscal year under this chapter shall not exceed ~~two~~  
1 33 ~~twenty million four hundred thousand~~ dollars ~~less any amount~~  
1 34 ~~appropriated pursuant to section 404A.6. For the fiscal~~  
~~period beginning July 1, 2005, and ending June 30, 2015, an~~  
~~additional four million dollars of tax credits may be approved~~  
~~each fiscal year for purposes of projects located in cultural~~  
~~and entertainment districts certified pursuant to section~~  
~~303.3B. Of the tax credits approved for a fiscal year under~~  
~~this chapter, two million dollars of tax credits shall be~~  
~~allocated for purposes of projects with qualified costs of~~  
~~five hundred thousand dollars or less, and seven million~~  
~~dollars of tax credits shall be allocated for purposes of~~  
~~projects located in cultural and entertainment districts~~  
~~certified pursuant to section 303.3B or identified in Iowa~~  
~~great places agreements developed pursuant to section 303.3C.~~  
2 12 Any of the ~~additional~~ tax credits allocated for projects  
2 13 located in certified cultural and entertainment districts or  
2 14 identified in Iowa great places agreements and for projects  
2 15 with a cost of five hundred thousand dollars or less that are  
2 16 not approved reserved during a fiscal year shall be applied to

2 17 reserved tax credits issued in accordance with section 404A.3  
2 18 in order of original reservation. The department of cultural  
2 19 affairs shall establish by rule the procedures for the  
2 20 application, review, selection, and awarding of certifications  
2 21 of completion. The departments of ~~economic development,~~  
2 22 cultural affairs, and revenue shall each adopt rules to  
2 23 jointly administer this subsection and shall provide by rule  
2 24 for the method to be used to determine for which fiscal year  
2 25 the tax credits are available. With the exception of tax  
2 26 credits issued pursuant to contracts entered into prior to  
2 27 July 1, 2005, tax credits shall not be reserved for more than  
2 28 five years.

2 29 Sec. 4. NEW SECTION. 404A.6 APPROPRIATION ==  
2 30 ADMINISTRATIVE COSTS.

2 31 For the fiscal year beginning July 1, 2007, and each fiscal  
2 32 year thereafter, there is appropriated from the general fund  
2 33 of the state to the department of cultural affairs one hundred  
2 34 fifty thousand dollars, or so much thereof as is necessary,  
2 35 for purposes of costs associated with administering this

3 1 chapter.  
3 2 Sec. 5. Section 422.11D, subsection 1, Code 2007, is  
3 3 amended to read as follows:

3 4 1. The taxes imposed under this division, less the credits  
3 5 allowed under sections 422.12 and 422.12B, shall be reduced by  
3 6 a historic preservation and cultural and entertainment  
3 7 district tax credit equal to the amount as computed under  
3 8 chapter 404A for rehabilitating eligible property. Any credit  
3 9 in excess of the tax liability shall be refunded or credited  
3 10 to the following year, as provided in section 404A.4,  
3 11 subsection 3.

3 12 Sec. 6. Section 422.33, subsection 10, paragraph a, Code  
3 13 2007, is amended to read as follows:

3 14 a. The taxes imposed under this division shall be reduced  
3 15 by a historic preservation and cultural and entertainment  
3 16 district tax credit equal to the amount as computed under  
3 17 chapter 404A for rehabilitating eligible property. Any credit  
3 18 in excess of the tax liability shall be refunded or credited  
3 19 to the following year, as provided in section 404A.4,  
3 20 subsection 3.

3 21 Sec. 7. Section 422.60, subsection 4, paragraph a, Code  
3 22 2007, is amended to read as follows:

3 23 a. The taxes imposed under this division shall be reduced  
3 24 by a historic preservation and cultural and entertainment  
3 25 district tax credit equal to the amount as computed under  
3 26 chapter 404A for rehabilitating eligible property. Any credit  
3 27 in excess of the tax liability shall be refunded or credited  
3 28 to the following year, as provided in section 404A.4,  
3 29 subsection 3.

3 30 Sec. 8. Section 432.12A, subsection 1, Code 2007, is  
3 31 amended to read as follows:

3 32 1. The tax imposed under this chapter shall be reduced by  
3 33 a historic preservation and cultural and entertainment  
3 34 district tax credit equal to the amount as computed under  
3 35 chapter 404A for rehabilitating eligible property. Any credit  
4 1 in excess of the tax liability shall be refunded or credited  
4 2 to the following year, as provided in section 404A.4,  
4 3 subsection 3.

4 4 Sec. 9. TAX CREDIT CERTIFICATES == RESERVATION DATES.

4 5 1. In the order of original redemption dates, the  
4 6 department of cultural affairs shall reissue historic  
4 7 preservation and cultural and entertainment district tax  
4 8 credit certificates held by the original tax credit  
4 9 certificate recipient. Tax credit certificates that have been  
4 10 sold since issuance shall not be reissued pursuant to this  
4 11 subsection.

4 12 2. In the order of original reservation dates, the  
4 13 department of cultural affairs shall modify the reservation  
4 14 date of reserved historic preservation and cultural and  
4 15 entertainment district tax credits based on the availability  
4 16 of additional moneys for tax credits under this Act.

4 17 Sec. 10. APPLICABILITY. This Act applies to historic  
4 18 preservation and cultural and entertainment district tax  
4 19 credits applied for or reserved prior to July 1, 2007.

4 20 EXPLANATION

4 21 This bill relates to historic preservation and cultural and  
4 22 entertainment district tax credits.

4 23 Currently, a person receiving a historic preservation and  
4 24 cultural and entertainment district tax credit may receive a  
4 25 tax credit refund at a discounted value for the amount in  
4 26 excess of the taxpayer's tax liability in the year that the  
4 27 tax credit is claimed.

4 28 The bill eliminates the discounting of the value of a  
4 29 refund and allows the entire value of the tax credit to be  
4 30 refunded. In addition, the bill allows a taxpayer, in lieu of  
4 31 claiming a refund, to elect to have the overpayment shown on  
4 32 the person's final, completed return credited to the tax  
4 33 liability for the following year. The bill makes conforming  
4 34 amendments.

4 35 Currently, the total amount of historic preservation and  
5 1 cultural and entertainment district tax credits that may be  
5 2 approved for a fiscal year shall not exceed \$2.4 million. For  
5 3 the fiscal period beginning July 1, 2005, and ending June 30,  
5 4 2015, an additional \$4 million of tax credits may be approved  
5 5 each fiscal year for purposes of projects located in certified  
5 6 cultural and entertainment districts.

5 7 The bill increases the amount of tax credits that may be  
5 8 approved each fiscal year to \$20 million less the amount  
5 9 appropriated for administrative costs. Of that amount, the  
5 10 bill provides that \$2 million of tax credits shall be  
5 11 allocated for purposes of projects with qualified costs of  
5 12 \$500,000 or less, and \$7 million of tax credits shall be  
5 13 allocated for purposes of projects located in certified  
5 14 cultural and entertainment districts or identified in Iowa  
5 15 great places agreements. The bill provides that any of the  
5 16 tax credits allocated for projects located in certified  
5 17 cultural and entertainment districts or identified in Iowa  
5 18 great places agreements and for projects with a cost of  
5 19 \$500,000 or less that are not reserved during a fiscal year  
5 20 shall be applied to reserved tax credits in order of original  
5 21 reservation.

5 22 The bill appropriates \$150,000 each fiscal year for the  
5 23 fiscal year beginning July 1, 2007, and each fiscal year  
5 24 thereafter, from the general fund of the state to the  
5 25 department of cultural affairs for purposes of costs  
5 26 associated with administering Code chapter 404A.

5 27 The bill provides that, in the order of redemption dates,  
5 28 the department shall reissue the tax credit certificates held  
5 29 by the original tax credit certificate recipient. The bill  
5 30 provides that, in the order of original reservation dates, the  
5 31 department shall modify the reservation date of the tax  
5 32 credits based on the availability of additional moneys for tax  
5 33 credits under the bill.

5 34 The bill applies to historic preservation and cultural and  
5 35 entertainment district tax credits applied for or reserved  
6 1 prior to July 1, 2007.

6 2 LSB 1209HV 82

6 3 tm:sc/gg/14